



PENSION BENEFIT GUARANTY CORPORATION

Submission of Information Collection for OMB Review; Comment Request; Annual Reporting (Form 5500 Series)

AGENCY: Pension Benefit Guaranty Corporation.

ACTION: Notice of request for extension of OMB approval of information collection.

SUMMARY: The Pension Benefit Guaranty Corporation (PBGC) is requesting that the Office of Management and Budget (OMB) extend approval, with modifications, under the Paperwork Reduction Act, of a collection of information for Annual Reporting under OMB control number 1212-0057, which expires on June 30, 2025. This notice informs the public of PBGC's request and solicits public comment on the collection of information.

DATES: Comments must be submitted on or before [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

ADDRESSES: Written comments and recommendations for the proposed information collection should be sent within 30 days of publication of this notice to www.reginfo.gov/PRAMain. Find this particular information collection by selecting "Currently under 30-day Review—Open for Public Comments" or by using the search function. A copy of the request will be posted on PBGC's website at <https://www.pbgc.gov/prac/laws-and-regulation/federal-registernotices-open-for-comment>. It may also be obtained without charge by writing to the Disclosure Division of the Office of the General Counsel of PBGC, 445 12th Street SW, Washington, DC 20024-2101; or, calling 202-229-4040 during normal business hours. If you are deaf or hard of hearing or have a speech disability, please dial 7-1-1 to access telecommunications relay services.

FOR FURTHER INFORMATION CONTACT: Karen Levin (levin.karen@pbgc.gov), Attorney, Regulatory Affairs Division, Office of the General Counsel, Pension Benefit Guaranty Corporation, 445 12th Street SW, Washington, DC 20024-2101; 202-229-3559. If you are deaf

or hard of hearing or have a speech disability, please dial 7-1-1 to access telecommunications relay services.

SUPPLEMENTARY INFORMATION: Annual reporting to the Internal Revenue Service (IRS), the Employee Benefits Security Administration (EBSA), and the Pension Benefit Guaranty Corporation (PBGC) is required by law for most employee benefit plans. For example, section 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) requires annual reporting to PBGC for pension plans covered by title IV of ERISA. To accommodate these filing requirements, IRS, EBSA, and PBGC have jointly promulgated the Form 5500 Series, which includes the Form 5500 Annual Return/Report of Employee Benefit Plan and the Form 5500-SF Short Form Annual Return/Report of Small Employee Benefit Plan.

The existing collection of information was approved by the Office of Management and Budget (OMB) under OMB control number 1212-0057 (expires June 30, 2025). On August 29, 2022, PBGC published in the Federal Register (at 87 FR 52821), a notice informing the public of its intent to request an extension of this collection of information, as modified. PBGC received one comment in support of the collection of information. PBGC is requesting that OMB extend approval of the collection, with modifications, for three years. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

PBGC is proposing modifications to the 2023 Schedule R (Retirement Plan Information) and to the 2023 Schedule SB (Single-Employer Defined Benefit Plan Actuarial Information), and to their related instructions, as described below.

Schedule R

PBGC is proposing modifications to line 19 of Schedule R and its instructions, a line that applies to all defined benefit plans (except DFEs) that have 1,000 or more participants at the beginning of the plan year. Currently, such plans must provide a breakdown of plan assets in

line 19a by reporting the percent of assets held in five categories of investments. PBGC is proposing to reconfigure the categories as shown below:

Current	Proposed
Stock	Public Equity
Investment-Grade Debt	Private Equity
High-Yield Debt	Investment-Grade Debt and Interest Rate Hedging Assets
Real Estate	High-Yield Debt
Other	Real Assets
	Cash or Cash Equivalents
	Other

In addition, for certain investments, PBGC is proposing to modify the instructions to clarify how certain atypical investments should be categorized for this purpose. For example, as currently drafted, it is not clear whether cash equivalents should be included in “Investment-Grade Debt” or in “Other.” Similarly, it is not clear whether infrastructure investments should be included in the “Real Estate” or the “Other” category. By expanding the list of categories and modifying the instructions, the more detailed information should be reported consistently which will enable PBGC to better model important characteristics of plan portfolios.

PBGC is also proposing to modify the instructions for line 19a so that the percentages reported reflect the asset allocation as of the end of the plan year instead of the beginning of the plan year. Having more recent information will lead to better projections and more accurate analysis by PBGC, and because the Form 5500 isn’t due until several months after the end of the plan year, this change should not create any timing issues for filers.

In addition, PBGC is proposing changes to line 19b (average duration for certain investments) and its instructions and to eliminate line 19c (method used to determine the duration reported in line 19b). Under modified line 19b, PBGC is proposing that applicable filers would be required to check a box to indicate the average duration of the plan’s combined Investment-Grade Debt and Interest Rate Hedging Assets portfolio, thereby replacing the current requirement to check the box that shows the average duration of the plan’s combined Investment-Grade and High Yield Debt portfolio. PBGG is also proposing to change the average

duration ranges to choose from 3-year periods to multiple 5-year periods, with the last choice being a period of 15 or more years.

Line 19c currently asks for the duration measure used to calculate line 19b. Because the alternative duration measures do not provide meaningfully different results, eliminating line 19c will not hinder PBGC's modeling results.

Schedule SB

PBGC is proposing a minor modification to Schedule SB, line 6 (Target Normal Cost) and its instructions, to address a possible, albeit unlikely, situation in which line 6c (Target Normal Cost) reported on Schedule SB would not be consistent with IRS regulation and statute if lines 6a and 6b were determined in accordance with the current line 6 instructions. This situation would arise only if (1) a plan requires mandatory employee contributions and (2) the mandatory employee contributions for the plan year exceeded the present value of benefits accruing during the plan year. PBGC's proposed changes to lines 6a and 6c of the instructions, and to line 6c of the Form (which has changed from "Total (line 6a + line 6b)" to Total (Target Normal Cost)) will rectify this situation by clarifying the amount to be reported in line 6a is the present value of expected accruals and by detailing that line 6c requires the sum of lines 6a and 6b, "reduced (but not below zero) by any mandatory employee contributions expected to be made during the plan year."

In addition, PBGC is proposing to change the current instructions for the Schedule SB, line 26b attachment (Schedule of Projection of Expected Benefit Payments), to provide that for a plan that has 1,000 or more participants as of the valuation date, in situations where a plan assumes some, or all, benefits are paid in a lump sum but uses the annuity substitution rule (26 CFR 1.430(d)-1(f)(4)(iii)(B)) to determine the funding target, the attachment may show projected benefits payable in the annuity form instead of in the form assumed for valuation purposes, as indicated in the current instructions. PBGC notes that the instructions for the current line 26b attachment, which was added for the 2022 plan year, suggest that for such plans,

the benefit projection would be based on a different form of payment than what was used to determine the funding target.

In addition, the current instructions for line 26a of Schedule SB provide that a plan reporting 1,000 or more active participants on line 3d, column (1), must also provide average compensation data. This instruction is incorrect because line 3d is where the total participant count is reported. PBGC is correcting this instruction to instead reference line 3c, column (1)), the active participant count.

PBGC estimates that it will receive approximately 25,000 Form 5500 and Form 5500-SF filings per year under this collection of information for the 2023 Form 5500 Series. PBGC further estimates that the total annual burden of this collection of information for the Form 5500 Series, attributable to PBGC, will be 15,089 hours and that there will be no cost burden. Issued in Washington, DC.

Hilary Duke,
Assistant General Counsel for Regulatory Affairs,
Pension Benefit Guaranty Corporation.